## Claims

- [c1] 1. An apparatus for processing packets comprising:
   an inbound memory for receiving data packets;
   an outbound memory for transmitting data packets;
   and
   circuitry capable of dynamically allocating memory
   from the inbound memory for use by the outbound
   memory or from the outbound memory for use by
   the inbound memory.
- [c2] 2. The apparatus of claim 1 wherein the outbound and inbound memories are arranged to have a size that is smaller than a maximum frame size of the data packet to be processed.
- [c3] 3. The apparatus of claim 1 further comprising: a first processor for controlling the inbound memory; and a second processor for controlling the outbound memory.
- [c4] 4. The apparatus of claim 3 wherein the first processor controls the receiving of the data packets and processing of the received data packets.

- [05] 5. The apparatus of claim 4 wherein the outbound memory transmits the processed data packets.
- [c6] 6. The apparatus of claim 5 wherein the first and second processors communicate with one another concerning available memory within the inbound and outbound memories, respectively.
- [c7] 7. A method of receiving and transmitting data packets, the method comprising the steps of:
  receiving data packets in an inbound memory buffer; transmitting data packets with an outbound memory buffer; and dynamically allocating memory from the inbound memory buffer for use by the outbound memory buffer or the outbound memory buffer for use by the
- [08] 8. The method of claim 7 wherein the step of dynamically allocating includes the steps of:

  determining that the inbound memory buffer requires additional memory; and

  dynamically allocating memory from the outbound memory buffer for use by the inbound memory.

inbound memory buffer.

[09] 9. The method of claim 7 wherein the step of dynami-cally allocating includes the steps of:

determining that the outbound memory buffer requires additional memory; and dynamically allocating memory from the inbound memory buffer for use by the outbound memory buffer.

[c10] 10. An apparatus for receiving and transmitting data packets, the apparatus comprising:

means for receiving data packets in an inbound memory buffer;

means for transmitting data packets with an outbound memory buffer; and

means for dynamically allocating memory from the inbound memory buffer for use by the outbound memory buffer or the outbound memory buffer for use by the inbound memory buffer.

[c11] 11. The apparatus of claim 10 wherein the means for dynamically allocating includes:

means for determining that the inbound memory buffer requires additional memory; and means for dynamically allocating memory from the outbound memory buffer for use by the inbound memory.

[c12] 12. The apparatus of claim 10 wherein the means for dynamically allocating includes: means for determining that the outbound memory buffer requires additional memory; and means for dynamically allocating memory from the inbound memory buffer for use by the outbound memory buffer.